

## Health Insurance Exchange Financial Sustainability: State Comparison

State	Operations Financing
California	<p>All QHPs offered will be charged an amount that is reasonable and necessary to support “prudent” exchange operations.</p> <p>In addition, the California Health Facilities Financing Authority is permitted to provide a working capital loan of up to \$5 million to assist in the establishment and operation of the Exchange.</p>
Colorado	The Exchange is pursuing the following types of funding: transitional funding currently associated with Cover Colorado, enrollment-based funds, and other revenue sources including website advertising, grants, and new product offerings.
Connecticut	The Exchange can charge fees on QHPs to generate necessary Exchange funding.
D.C.	The Exchange can charge fees on all QHPs or qualified dental plans sold in the District.
Hawaii	The Exchange may receive multiple sources of financial contribution (grants or QHP fees) for the purposes of carrying out exchange operations.
Illinois	An assessment on participating QHPs has been assumed, at a rate of 2% to 4% of premiums.
Maryland	The Exchange operations will be funded through consumer transaction fees, in addition to broad based assessments.
Massachusetts	Fees are assessed to insurers as a percentage of premiums; usually 3% - 4%.
Minnesota	Work Group recommendations included funding from Medicaid, for Medicaid costs associated with the Exchange, as well as user fees or carrier fees.
Nevada	<p>The Advisory Board recommended a per member per month assessment on carriers, based on enrollment in the Exchange. They also recommend supplementing Exchange revenue through user fees on standalone dental and vision products, and advertising on the web portal.</p> <p>In addition, the Exchange Executive Director may request an advance not to exceed 25% of expected revenues from the state if expenses exceed available funds.</p>
Oregon	Fees may be collected from all insurers (including fees to cover insurance producers’ commissions) and state programs participating in the Exchange, in an amount ranging from 3% to 5% of the premium for each enrollee, depending on the number of enrollees. There is a cap on the amount of fees that may be collected.
West Virginia	The Exchange Board is authorized to assess fees on carriers selling QHPs or qualified dental plans—including those sold outside the exchange—based on premium volume.
Vermont	The Exchange Board must recommend two financing strategies to the Legislature by Jan 15, 2013.
Utah	The Exchange charges an assessment fee to participating employers on a \$6 per employee per month basis.

In summary, the following methods have been considered by other states to fund Exchange operations:

1. Insurer Assessments
2. User Fees
3. Provider Taxes
4. Revenue Diversion (e.g., state high risk pools, public employee insurance, Medicaid)
5. Excise Taxes on products or services (including those associated with unhealthy lifestyles, such as tobacco)
6. Advertisements